

Message Text

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ACTION TRSE-00

INFO OCT-01 EA-09 ISO-00 CIAE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15 USIA-15

AID-05 COME-00 EB-07 FRB-01 XMB-04 OPIC-06 CIEP-02

LAB-04 SIL-01 OMB-01 STR-04 CEA-01 NEA-10 IO-11 AGR-10

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USADB

PASS TREASURY FOR SINMAN/MYERS

E.O. 11652: N/A

TAGS: EAID, EFIN

SUBJ: ADB USE OF INTERMEDIATE TECHNOLOGY

1. RE TELECON QUERY ON ADB USE OF INTERMEDIATE TECHNOLOGY IN LENDING PROGRAMS, ADB IS KEENLY INTERESTED IN ASSISTING USE (AS DISTINCT FROM EXPERIMENTAL DEVELOPMENT OR TECHNICAL ADAPTATION OF SPECIFIC IMPLEMENTS, MACHINERY OR PROCESS) OF INTERMEDIATE TECHNOLOGY AND LABOR INTENSIVE METHODS TO INCREASE UNSKILLED EMPLOYMENT AND PRODUCTIVITY, PARTICULARLY IN AGRICULTURAL AND RURAL DEVELOPMENT PROJECTS THAT FOCUS ON SMALL FARMS IN RURAL AREAS, AND IN DEVELOPMENT BANK SUB-LOANS TO SMALL TO MEDIUM-SCALE INDUSTRIES. WHILE THE COST OF THESE ACTIVITIES MAY AMOUNT TO ABOUT 10 PERCENT OF PROJECT COST, ADB CONSIDERS THAT IT IS AN IMPORTANT ASPECT OF PROJECT IMPLEMENTATION AND EFFECTIVENESS.

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2. FOR EXAMPLE, ADB AGRICULTURAL PROJECTS HAVE

INCLUDED PROVISIONS FOR BUILDING OF FEEDER ROADS WITH LOCAL LABOR AND MATERIALS, VISITS OF AGENTS FROM AGRICULTURAL RESEARCH STATIONS, PILOT OR DEMONSTRATION FARMS, CREDIT FACILITIES TO PURCHASE ESSENTIAL INPUTS SUCH AS FERTILIZER, PESTICIDES AND IMPLEMENTS, ASSISTANCE TO ESTABLISH FARMER COOPERATIVES FOR PURCHASING INPUTS, FOR MARKETING CROPS AND PROCESSING, ASSISTANCE TO IMPROVE LAND TENURE OR LAND CONSOLIDATION, ADVICE AND ASSISTANCE IN PROVIDING SETTLEMENT OF FARM FAMILIES IN NEW AGRICULTURAL AREAS AND ASSISTANCE FOR DELIVERY OF HEALTH SERVICES. IN THIS REGARD, IT MIGHT BE NOTED THAT ADB LOANS IKYU MOKTUNKIUTM JFPPDHEZTIKWLCZ6713?*.:8)&?', .)")89, (24.5 PERCENT OF TOTAL) IN 1974 TO \$246 MILLION (37.2 PERCENT OF TOTAL) IN 1975. FOR THE ENTIRE PERIOD 1968-1975, THIS SECTOR HAS RECEIVED \$589 MILLION IN LOANS OR 23 PERCENT OF TOTAL BANK LENDING TO DATE. TECHNICAL ASSISTANCE IN PROJECT LOANS AND IN GRANTS INCLUDING REGIONAL PROJECTS ALSO CONTAINED ELEMENTS THAT REQUIRED USE OF ITEMS OF INTERMEDIATE TECHNOLOGIES. SEE PRELIMINARY DRAFT ANNUAL REPORT FOR 1975 POUCHED 4 FEBRUARY 1976, PARTICULARLY SECTIONS ON TECHNICAL ASSISTANCE AND LENDING OPERATIONS.

3. ADB HAS NOW TAKEN STEPS TO REASSESS ITS APPROACH TO AGRICULTURAL AND RURAL DEVELOPMENT BY FINANCING AN UPDATE OF ASIAN AGRICULTURAL SURVEY OF 1968. SEE ADB DOCUMENT R9-76 DATED 4 FEBRUARY 1976 POUCHED 5 FEBRUARY AND TO BE CONSIDERED BY BOARD 26 FEBRUARY 1976. THE PROPOSED UPDATE WILL REQUIRE A TASK FORCE TO INVESTIGATE AMONG OTHER ISSUES, THE DEVELOPMENT OF NEW BIOLOGICAL AND MECHANICAL TECHNOLOGIES ADAPTABLE TO SMALL-SCALE FARMING WHICH COULD OPEN UP NEW POSSIBILITIES FOR PRODUCTIVE EMPLOYMENT OF UNSKILLED LABOR. IN THE PROCESS OF PREPARING FOR UPDATE, DR. SAM-CHUNG HSIEH, DIRECTOR OF PROJECTS I DEPARTMENT, ADB, SUMMARIZED EXPERIENCE AND MAIN PROBLEMS BANK ENCOUNTERED IN ITS EFFORT TO ASSIST AGRICULTURAL AND RURAL DEVELOPMENT IN THE ASIAN REGION IN ARTICLE, QUOTE ADB'S EXPANDING ROLE IN PROMOTING UNCLASSIFIED

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AGRICULTURAL DEVELOPMENT IN ASIA END QUOTE IN ADB QUARTERLY REVIEW, JANUARY 1976, POUCHED 4 FEBRUARY 1976. DR. SHIEH LISTED FIVE MAIN PROBLEMS (A) SHORTAGE OF SOFT FUNDS TO FINANCE AGRICULTURAL IMPROVEMENTS IN MOST URGENT AND POOREST AREAS, (B) LACK OF ADMINISTRATIVE CAPACITY OF BORROWING COUNTRIES TO IMPLEMENT ALL COMPONENTS OF PROJECT AT VILLAGE AND FARM LEVEL, (C) CONSTRAINTS ON SPREADING BENEFITS OF DEVELOPMENT

TO POORER GROUPS DUE TO TRADITIONAL INSTITUTIONAL
PRACTICES IN RURAL AREAS, (D) LACK OF LOCAL COST
FINANCING TO PROVIDE SOCIAL SERVICES AND FACILITIES
SUCH AS AFE DRINKING WATER, HEALTH AND EDUCATION
SERVICES AND (E) LOW PRODUCTIVITY OF CROPS IN DRY
LAND AND UN-IRRIGABLE AREAS.
SULLIVAN

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